

Message Text

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ACTION ARA-17

INFO OCT-01 EUR-25 IO-13 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01

RSR-01 /196 W

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R 081406 Z JUN 73

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 2994

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

USMISSION GENEVA

AMEMBASSY VIENNA

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E. O. 11652 - N/A

TAGS: EAID, ETRD, GATT, XK, ES

SUBJECT: MTN PREPARATIONS AND EXPORT PROMOTION

REF: A) SAN SALVADOR 0310; B) GUATEMALA 0751; C) SAN SALVADOR 1093;

GUATEMALA FOR ROCAP; VIENNA FOR UNIDO

1. SUMMAY. A HIGH LEVEL GOES DECISION MADE WEEK OF MAY 28 REQUIRES THAT WITHIN THREE MONTHS A WORKING GROUP MUST SUBMIT A COMPLETE PLAN WITH INSTITUTIONAL AND BUDGETARY PROVISIONS FOR AN EXPORT PROMOTION INSTITUTION WHICH WILL BE AUTONOMOUS BUT UNDERPGENERAL DIRECTION OF ECONOMIC MINISTRY. ASSISTANCE FROM UNIDO FOR THE STUDY HAS BEEN REQUESTED AND AN OFFER OF TECHNICAL ASSISTANCE FROM CACM' S EXPORT

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PROMOTION OFFICE (PROMECA) WILL PROBABLY BE ACCEPTED. TA PROVISIONS IN THE PENDING UNCTAD EXPORT ASSISTANCE GRANT MIGHT BE UTILIZED.

ON JUNE 4 A TWO WEEK TECHNICAL SEMINAR ON THE SYSTEM OF GENERALIZED PREFERENCE BEGAN UNDER SIECA AND PROMECA AUSPICES. THE 26 PARTICI-

PANTS INCLUDE OFFICIALS FROM SEVEN AGENCIES AND THE TWO LARGEST PRIVATE SECTOR GROUPS. WITH THIS COURSE THE GOES INITIATES ITS MTN PREPARATIONS AND LINKS THEM WITH ITS DEVELOPMENT OF AN EXPORT PROMOTION STRATEGY. A THREE WEEK INTERNATIONAL TRADE SEMINAR SPONSORED BY THE GOES, PROMECA, ROCAP AND THE SALVADORAN INDUSTRIALISTS (ASI) IS SCHEDULED FOR AUGUST 26 AND WILL SEEK TO BROADEN PRIVATE PARTICIPATION IN EXPORT PROMOTION. A COMMITTEE TO BE FORMED AFTER THE SIECA SEMINAR WILL CONTINUE WITH PREPARATIONS FOR THE MTN. END SUMMARY.

2. ALFREDO MILIAN, ACTING DIRECTOR OF THE NATIONAL CENTER FOR EXPORT PROMOTION (CENAFE), INFORMED THE EMBASSY THAT AN AD HOC HIGH LEVEL GOES COMMITTEE, CONSISTING OF THE HEADS OF MINISTRIES OF ECONOMY, FOREIGN RELATIONS, FINANCE, CONAPLAN, CENTRAL BANK AND THE INTERNATIONAL FAIR, DECIDED LAST WEEK THAT THE NEW EXPORT PROMOTION INSTITUTION (REIARTED REFTEL C) WOULD BE BASED ON A STUDY ENCOMPASSING THE ENTIRE FRAMEWORK OF EXPORT PROMOTION, INCLUDING RELATED FOREIGN ASSISTANCE TO BE COMPLETED WITHIN 3 MONTHS FOR INCLUSION IN THE 1974 BUDGET. THE WORKING GROUP CHARGED WITH THE STUDY IS HEADED BY MILIAN AND WILL INCLUDE OFFICIALS FROM CONAPLAN AND MINISTRIES OF FOREIGN RELATIONS AND ECONOMY. MILIAN DOES NOT WANT TO BURDEN THE STUDY WITH FOREIGN TECHNICIANS BUT WILL ACCEPT A STANDING OFFER FROM PROMECA AND HAS REQUESTED ASSISTANCE FROM UNIDO. HE WILL LOOK INTO DRAWING UPON TA FUNDS CONTAINED IN THE PENDING UNCTAD EXPORT PROMOTION GRANTS (SAN SALVADOR 0761). MILIAN HAS MAINTAINED PRESSURE WITHIN THE GOES TO OVERCOME BUREAUCRATIC HAGGLINGS AND BELIEVES THIS DECISION FINALLY WILL RESULT IN ESTABLISHMENT OF LONG- AWAITED NEW EXPORT PROMOTION INSTITUTION. A NEW EXPORT PROMOTION LAW, DRAFTS OF WHICH ARE PRESENTLY IN THE PRIVATE SECTOR FOR COMMENT, COULD CONTAIN THE NECESSARY LANGUAGE TO ENCOMPASS THE ANTICIPATED RECOMMENDATIONS FROM THE STUDY.

3. NEITHER A RECENTLY- APPROVED UNIDO GRANT OF \$150,000 FOR TECHNICAL ASSISTANCE IN EXPORT PROMOTION NOR THE LONG- PENDING UNDP- ADMINISTERED UNCTAD TA FOUR- YEAR EXPORT PROMOTION GRANT OF \$279,000 (WITH GOES COUNTERPART OF \$246,150) CAN BE UTILIZED
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UNTIL THE GOES HAS CREATED THE RECIPIENT ORGANIZATION. THE PRESSURES OF THESE OFFERS COMBINED WITH THOSE FROM CIPE AND PROMECA (NOT TO IGNORE OUR OWN UGGPMGY), AND URGINGS FROM THE PRIVATE SECTOR HAVE FINALLY FORCED GOES ACTION.

4. ON THE MTN FRONT, IT APPEARS THAT EL SALVADOR IS THE FIRST WITHIN THE CACM TO BEGIN SERIOUS ACTION. ON JUNE 4, CENTRAL RESERVE BANK PRESIDENT SUAREZ GAVE THE OPENING ADDRESS AND ECONOMIC SUB- SECRETARY VALENCIA INAUGURATED A TWO WEEK FIRST TECHNICAL LEVEL SEMINAR ON THE SYSTEM OF GENERALIZED TARIFF PREFERENCES. A TEAM OF SIX FROM SIECA AND PROMECA, LED BY SIECA'S TRADE POLICY CHIEF JESUS MONTEAGUDO, IS HANDLING MOST OF THE 12 DAYS' INSTRUCTION. IN

HIS ADDRESS, SUAREZ SAID THE SEMINAR EMPHASIZES THE GREAT IMPORTANCE EL SALVADOR ATTACHES TO PROMOTION AND EFFECTIVE ACHIEVEMENT OF EXPORT EXPANSION OF MANUFACTURED AND SEMI- MANUFACTURED GOODS. HE SAID THAT ANALYSIS OF TRADE TRENDS INDICATES THE DECREASING PARTICIPATION OF THE LESS DEVELOPED NATIONS. THE OUTLINE OF THE SEMINAR (SIECA/73/ PCE/16 - POUCHED TO ARA/ CEN/ ES) STATES AS THE OBJECTIVES: A) TO PROVIDE UNDERSTANDING OF THE ORIGIN, STRUCTURE, EVOLUTION, PROSPECTS, ADVANTAGES AND REPERCUSSIONS OF VARIOUS PREFERENTIAL SCHEMES; B) IDENTIFY PRODUCTS EL SALVADOR CAN EXPORT UNDER A SYSTEM OF GENERALIZED PREFERENCES; AND C) IDENTIFY ADMINISTRATIVE MEASURES EL SALVADOR SHOULD TAKE TO ADOPT THE PREFERENCES AND PROMOTE EXPORTS. THE 26 PARTICIPANTS INCLUDE TECHNICAL LEVEL REPRESENTATIVES FROM THE ASSOCIATION OF SALVADORAN INDUSTRIALISTS, THE CHAMBER OF COMMERCE AND INDUSTRY, AND THE FOLLOWING GOES AGENCIES: AGRICULTURE, FINANCE, CUSTOMS, FOREIGN RELATIONS, CONAPLAN, ECONOMY, AND CENTRAL RESERVE BANK. LECTURES WILL COVER EEC AND A LARGE LIST OF INDIVIDUAL COUNTRY PREFERENCES SCHEMES. NOTHING IS INCLUDED IN THE COURSE ON USG PROPOSALS BUT THE EMBASSY HAS PROVIDED MILIAN WITH PERTINENT INFORMATION FROM THE 1973 TRADE REFORM BILL AND RECENT STATEMENTS BY THE PRESIDENT AND SECRETARIES ROGERS AND SCHULTZ. SINCE IT IS ANTICIPATED THAT OTHER CACM COUNTRIES WILL HAVE SIMILAR SEMINARS IT IS HOPED THAT FAVORABLE CONSIDERATION WILL BE GIVEN TO THE US POINT OF VIEW. ECONMIN OFFICIALS SAY THAT THEY HOPE TO PUT TOGETHER THE INTER- AGENCY/ PRIVATE SECTOR COMMITTEE MENTIONED IN REFTEL C, WHICH WILL CONTINUE PREPARATION FOR THE MTN IN COORDINATION WITH SIECA PREPARATIONS. THERE IS LITTLE BELIEF THAT THE GOES WILL ACCEDE TO THE GATT ALTHOUGH IT IS COMMITTED TO PARTICIPATE IN THE MTN.

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5. CENAFE'S EFFORTS CONTINUE DESPITE THE FAILURE TO GIVE LIFE TO A NEW EXPORT PROMOTION OFFICE. IT HAS BEEN INVOLVED RECENTLY IN SUPPORT OF PARTICIPATION IN THE MILAN FAIR, FOLLOW- UP ON THE MEXICAN OFFER FOR TRADE EXPANSION ASSISTANCE AND DEVELOPMENT OF A POSSIBLE BI- LATERAL WITH THE DOMINICAN REPUBLIC. IT HAS RECENTLY COMPLETED ARRANGEMENTS WITH PROMEC AND ROCAP FOR A THREE WEEK GUATEMALA - EL SALVADOR SEMINAR OF INTERNATIONAL TRADE. CENAFE AND ASI HERE WILL CO- SPONSOR THE RESIDENCE TYPE SEMINAR AND USE SEVERAL IMI INSTRUCTORS. BEGINNING AUGUST 26, THE FIRST TWO WEEKS WILL PROVIDE CONCURRENT SEMINARS IN THE TWO COUNTRIES AND THE THIRD WEEK WILL COMBINE PARTICIPANTS IN SAN SALVADOR.

CATTO

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